



House of Representatives

General Assembly

File No. 487

February Session, 2012

Substitute House Bill No. 5464

House of Representatives, April 17, 2012

The Committee on Government Administration and Elections reported through REP. MORIN of the 28th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT PROHIBITING STATE CONTRACTS WITH ENTITIES MAKING CERTAIN INVESTMENTS IN IRAN.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2012*) (a) No state agency shall
2 contract with any entity that is named on the list compiled by the
3 Department of Administrative Services under subsection (b) of this
4 section.

5 (b) Not later than January 2, 2013, the Department of Administrative
6 Services shall post on its Internet web site a list of entities that have
7 invested twenty million dollars or more in the energy or financial
8 sectors of Iran. In compiling such list, the department may use the list
9 compiled pursuant to the New York Iran Divestment Act of 2012. Not
10 later than December 1, 2012, the department shall provide written
11 notice to each affected entity of the department's intention to include
12 such entity on such list and of the prohibition contained in subsection
13 (a) of this section and shall allow thirty days for the entity to respond

14 prior to posting such entity's name on the list. If the entity offers no
15 written response to such notice or fails to demonstrate to the
16 department's satisfaction that such entity is not subject to such
17 prohibition, the department shall include such entity on the initial list.
18 If the entity successfully demonstrates in writing to the department's
19 satisfaction that it is not subject to such prohibition, the department
20 shall not include the entity on the list.

21 (c) The department shall update such list not less than quarterly, in
22 accordance with the procedure set forth in subsection (b) of this section
23 for the compilation of the initial list.

24 (d) If the Office of Foreign Assets Control and the United States
25 Department of the Treasury remove all sanctions on Iran, the
26 department shall remove such list from its web site and the prohibition
27 contained in subsection (a) of this section shall no longer apply.

28 (e) For purposes of this section, "entity" means any person,
29 partnership, corporation or limited liability company.

30 Sec. 2. Subsection (i) of section 4a-100 of the 2012 supplement to the
31 general statutes is repealed and the following is substituted in lieu
32 thereof (*Effective October 1, 2012*):

33 (i) The commissioner may not issue or renew a prequalification
34 certificate to any contractor or substantial subcontractor (1) who is
35 disqualified pursuant to section 31-57c or 31-57d, [or] (2) who has a
36 principal or key personnel who, within the past five years, has a
37 conviction or has entered a plea of guilty or nolo contendere for or has
38 admitted to commission of an act or omission that reasonably could
39 have resulted in disqualification pursuant to any provision of
40 subdivisions (1) to (3), inclusive, of subsection (d) of section 31-57c or
41 subdivisions (1) to (3), inclusive, of subsection (d) of section 31-57d, as
42 determined by the commissioner, or (3) who is named on the list of
43 entities compiled in accordance with section 1 of this act.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2012</i>	New section
Sec. 2	<i>October 1, 2012</i>	4a-100(i)

Statement of Legislative Commissioners:

Section 1(b) was rephrased and divided into subsections for clarity.

GAE *Joint Favorable Subst.-LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 13 \$	FY 14 \$
Dept. of Administrative Services	GF - Cost	Indeterminate	Indeterminate

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes various requirements of the Department of Administrative Services (DAS) in order to prohibit state agencies from contracting with entities having invested in Iran energy or financial sectors. The fiscal impact to DAS cannot be determined at this time due to the following: 1) it is currently not known how many state contractors currently have the prohibited investments; 2) although the bill allows DAS to utilize the list compiled pursuant to the New York Iran Divestment Act of 2012, this list only pertains to energy investments, but not financial investments; 3) the federal law's due process requires 90 days notice as compared to the bill's 30 day notice; and 4) the department may incur costs to conduct an undetermined number of hearings for which it currently does not have staff trained or dedicated to do so.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5464*****AN ACT PROHIBITING STATE CONTRACTS WITH ENTITIES MAKING CERTAIN INVESTMENTS IN IRAN.*****SUMMARY:**

This bill requires the Department of Administrative Services (DAS) to post on its website, by January 2, 2013, a list of entities that have invested \$20 million or more in Iran's energy or financial sectors (see COMMENT). It is unclear whether this refers to current investments. The bill prohibits DAS from issuing or renewing a prequalification certificate to, or state agencies from contracting with, any entity that DAS places on the list. Under the bill, an entity is a person, partnership, corporation, or limited liability company.

The bill allows DAS, in compiling the list, to use the list developed under New York's Iran Divestment Act of 2012. DAS must notify entities in writing, by December 1, 2012, that they may be placed on the initial list. If an entity does not respond within 30 days (see COMMENT) or fails to demonstrate that it is not subject to the contracting prohibition, it must be placed on the initial list.

The bill requires DAS to update the list at least quarterly. In doing so, it must provide the same 30 days' written notice and opportunity to respond to any entity that it intends to include on an updated list.

The prequalification and contracting prohibitions remain in effect unless the Office of Foreign Assets Control and the U.S. Treasury remove all sanctions on Iran, at which point they become void and DAS must remove the list from its website.

EFFECTIVE DATE: October 1, 2012

COMMENT

Conflict with Federal Law

The federal Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (P.L. 111-195) allows state and local governments to divest or prohibit the investment of assets in certain entities that do business with or invest in Iran's energy sector. However, the federal act does not refer to Iran's financial sector. Additionally, the federal act requires state and local governments to give such entities 90 days' notice before taking such actions. The bill requires only 30 days' notice.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 15 Nay 0 (03/29/2012)